General Services Administration
Office of General Counsel
Washington, DC 20405

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

June 29, 1994

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Subject: Price Cap Review for Local Exchange Carriers,
CC Docket No. 94-1

Dear Mr. Caton:

Enclosed please find the original and nine copies of the General Services Administration's Reply Comments for filing on the above-referenced proceeding. Copies of this filing have been served on all interested parties.

Sincerely,

Tenley A. Carp
Assistant General Counsel
Personal Property Division

Enclosures

cc: International Transcription Service
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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of	)	
Price Cap Performance Review for Local Exchange Carriers	)	CC Docket No. 94-1

REPLY COMMENTS OF THE GENERAL SERVICES ADMINISTRATION

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REPLY COMMENTS OF THE GENERAL SERVICES ADMINISTRATION

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REPLY COMMENTS OF THE GENERAL SERVICES ADMINISTRATION

SUMMARY

In these Reply Comments, GSA responds to the LEC price cap comments and proposals of more than thirty parties. GSA's review of the extensive record in this proceeding leads it to conclude that the Commission should revise its price cap plan in order to ensure that ratepayers, as well as LECs, benefit from this alternative to rate of return regulation.

The primary goal of the Commission in adopting its price cap plan was the maintenance of just and reasonable rates for innovative, high quality services. The record shows that the Regional Holding Companies earned over a billion dollars more than their cost of capital in 1993, a fact that indicates that the plan requires substantial change. GSA recommends that the Commission reaffirm its commitment to just and reasonable rates and revise the LEC price cap plan accordingly.

First of all, the record shows that the LEC price cap indices reflect only half of the effect of the fall in capital costs since the inception of the plan. To correct this problem, the Commission should immediately commence a proceeding to determine a new rate of return to be effective on January 1, 1995. The Commission should then adjust LEC price cap indices and sharing mechanisms to reflect this new rate of return.

Second, the record shows that actual Regional Holding Company productivity improvement from 1990 to 1993 was much greater than that reflected in the existing 3.3 percent productivity offset. To

correct this problem, the Commission should increase the productivity offset to 5.0 percent. This will ensure that ratepayers share in the benefits of increased LEC productivity on an equitable basis.

Finally, the record clearly supports the establishment of a formal reporting program to measure the growth of competition for local exchange and interstate access over time. Such a program will not only provide the basis for prudent revision of the LEC price cap plan, it will also provide a reliable information resource for all those engaged in the national debate over the future of telecommunications in America.

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of Price Cap Performance Review for Local Exchange Carriers	CC Docket No. 94-1

REPLY COMMENTS OF THE GENERAL SERVICES ADMINISTRATION

The General Services Administration ("GSA"), on behalf of the Federal Executive Agencies, hereby submits its Reply Comments in response to the Commission's Notice of Proposed Rulemaking ("NPRM"), FCC 94-10, released February 16, 1994. This NPRM requested comments and replies on the Commission's price cap plan for local exchange carriers ("LECs").

I. INTRODUCTION

In comments filed on May 9, 1994, GSA urged the Commission to reaffirm that the primary goal of the price cap plan is just and reasonable rates for innovative, high quality services. GSA demonstrated that current LEC rates were not just and reasonable and that the Commission should order a rate reduction to reflect decreases in the cost of capital since the inception of the plan. GSA also urged the Commission to increase the productivity factor to ensure that the benefits of increased LEC productivity are shared equitably with ratepayers. Finally, GSA recommended that the Commission establish a formal program to monitor local exchange and interstate access competition.

Comments were also filed on a timely basis by the following parties:

- The United States Telephone Association ("USTA"), the National Rural Telcom Association ("NRTA"), the National Telephone Cooperative Association ("NTCA"), the Organization for the Protection and Advancement of Small Telephone Companies ("OPASTCO"), and twelve individual LECs;
- The Competitive Telecommunications Association ("CompTel") and three individual interexchange carriers ("IXCs");
- The Sprint Corporation ("Sprint") on behalf of both its LEC and IXC subsidiaries;
- The Association for Local Telecommunications Services ("ALTS") and three individual competitive access providers ("CAPs");
- The California Cable Television Association ("CCTA") and Time Warner Communications ("Time Warner");
- The Ad Hoc Telecommunications Users Committee ("Ad Hoc") and eight other end user groups; and
- The Office of the Consumers' Counsel, State of Ohio ("OCCO") and the Pennsylvania Office of Consumer Advocate ("PaOCA").

In these Reply Comments, GSA will respond to the comments and proposals of these parties.

II. THE COMMISSION SHOULD REAFFIRM THAT THE PRIMARY GOAL OF THE PRICE CAP PLAN IS JUST AND REASONABLE RATES FOR INNOVATIVE, HIGH QUALITY SERVICES (GENERAL ISSUE 1).

In its Comments, GSA urged the Commission to reaffirm that the primary goal of the price cap plan is just and reasonable rates for innovative, high quality services.[1] Rather than revising this goal, GSA recommended that the Commission concentrate its efforts on revising its plan to better meet its existing goal.

The Commission's NPRM elicited a variety of alternative, noble sounding objectives from various parties. The USTA, for example, listed eight goals, including the development of a national information infrastructure and the stimulation of economic growth.[2] However, the USTA failed to include the maintenance of just and reasonable rates on its list.

The IXCs and users of LEC services, on the other hand, have not lost sight of this original, primary, and necessary goal of the price cap plan. For example, AT&T states:

> To achieve these results, the original goals of the price cap plan -- "just, reasonable, and nondiscriminatory rates, as well as a communications system that offers innovative, high quality services" -- should continue to guide the Commission.[3]

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[1]Comments of GSA, pp. 2-4.

[2]Comments of USTA, pp. 3-4.

[3]Comments of AT&T Corp. ("AT&T"), p. 4 (footnote omitted).

Ad Hoc states:

> The Committee agrees with the Commission's conclusion that "the basic goals of price caps remain valid", and is of the view that rigorous price cap rate review and regulation continue to be essential to achieve the competitive result goal.[4]

OCCO states:

> OCCO submits that absent a demonstration that price caps have satisfied their <u>initial</u> goal, it is entirely inappropriate to add additional qualifications to the program. Such additions will even further obscure whether price caps have achieved their fundamental free market goals.[5]

The need for the Commission to focus on the maintenance of just and reasonable rates stems from the absolute, irrefutable fact that the LECs retain substantial market power. No party supports the Commission's efforts to bring full and open competition to all telecommunications markets more than GSA.[6] Until such competition provides an effective restraint on LEC pricing, however, the Commission must protect ratepayers from LEC abuse of market power. PaOCA states this matter as follows:

> To the extent that effective competition does not yet exist in either telecommunications or cable television services, the pricing of those services cannot be unrestrained. The least economical and least equitable manner in which to finance the new information infrastructure is by forcing monopoly

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[4]Comments of Ad Hoc, pp. 2-3 (footnote omitted).

[5]Comments of OCCO, p. 4 (footnote omitted).

[6]See, e.g., Expanded Interconnection with Local Telephone Company Facilities, CC Docket No. 91-141, Comments of GSA, August 6, 1991.

ratepayers to pay excessive rates on non-competitive services.[7]

Unfortunately, the Commission's price cap plan has not yet proven as effective as traditional regulation in restraining LEC pricing. As Attachment 1 graphically demonstrates, during the first three years of the price cap plan, LEC earnings rose steadily as their cost of capital fell. The Commission must act now to restore just and reasonable rates and the equitable balance of interests between stockholders and ratepayers.

III. PRICE CAP INDICES SHOULD BE REDUCED TO REFLECT THE FALL IN THE COST OF CAPITAL (BASELINE ISSUE 3).

As GSA demonstrated in its Comments, a reduction in LEC price cap indices to reflect the fall in the cost of capital since the inception of the price cap plan is essential to the restoration of just and reasonable rates.[8] GSA noted that between September, 1990, and April, 1994, the yield on thirty-year Treasury Bonds fell by 177 basis points; the yield on ten-year Treasury Bonds by 189 basis points; and the yield on S&P AA Public Utility Bonds by 242 basis points. GSA recommended that the Commission immediately commence a proceeding designed to result in a new rate of return to be effective on January 1, 1995. GSA further recommended that the Commission reduce LEC price cap indices to reflect the change in revenue requirement associated with the change in rate of return.

[7]Comments of PaOCA, p. 4.

[8]Comments of GSA, pp. 4-7.

Many commenting parties agreed with GSA's position.[9] CCTA states:

> In CCTA's view, the reductions in long-term interest rates over this three-year period alone are sufficient to justify a rate reduction equivalent to at least a 100 basis point reduction in the LEC's rate of return. ...The FCC can be confident that if interest rates had instead risen to double-digit levels over the past three years, the LECs would be clamoring for relief to the Commission.[10]

AT&T and the MCI Telecommunications Corporation ("MCI") each submitted calculations recommending specific rates of return for use in adjusting the price cap plan. AT&T found that the Regional Bell Operating Company ("RBOC") weighted average cost of capital had fallen to 9.33 percent from 1991 to 1993.[11] Using data through March 1994, MCI calculates the RBOC cost of capital as 9.54 percent.[12]

The enormity of LEC overearnings in 1993 can be calculated by comparing AT&T's estimate of the 1993 RBOC cost of capital to the estimated Regional Holding Company ("RHC") achieved rate of return in 1993. As shown on Attachment 2, Line 1, the estimated RHC rate of return ("ROR") for 1993 is 13.50 percent.[13] By subtracting

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[9]See, e.g., Comments of the International Communications Association ("ICA"), p.4; Aeronautical Radio, Inc. ("ARINC"), p. 3; WilTel, Inc. ("WilTel"), p. 25; Ad Hoc, pp. 24-25; OCCO, p. 9.

[10]Comments of CCTA, pp. 6-7.

[11]Comments of AT&T, Appendix D, Table D.3.

[12]Comments of MCI, Appendix A, P. 21.

[13]Attachment 3 of GSA's Comments showed a composite RHC ROR for 1993 of 13.38 percent, including a US West return of 12.75 percent. Attachment 6 of US West's Comments indicates that it now believes its 1993 return was 13.62 percent. GSA estimates that the use of

AT&T's estimate of the 1993 LEC cost of capital on Line 2 from this ROR, GSA calculates an excess return of 4.17 percent on Line 3. By multiplying this return by the 1993 RHC rate base on Line 4, GSA calculates excess earnings of $1,030,445,000 on Line 5. Using the Tax Gross-up Factor on Line 6, GSA calculates total RHC excess revenues in 1993 as $1,625,115,000.

The extensive LEC filings devote little attention to the fall of capital costs since the inception of the price cap plan. Those LECs who do address the subject contend that the effects of falling capital costs have already been reflected in their price cap indices ("PCI") through reductions in the Gross National Product Price Inflator ("GNP-PI").[14] US West states:

> Thus, any attempt to adjust the price cap mechanism for interest rate changes would inevitably raise the question of "double counting" since such changes are already reflected in the GNP-PI.[15]

AT&T recognizes that the GNP-PI captures part of the effect of falling capital costs on LEC costs, and states:

> In light of this marked, longstanding change in the LECs' cost of capital, the Commission should require the LECs to reduce their current PCIs to reflect the portion of this lower cost that has not been reflected in the GNP-PI.[16]

US West's revised figure would increase the composite RHC ROR to 13.50 percent.

[14]See, e.g., Comments of GTE Service Corporation ("GTE"), pp. 74-75; Southwestern Bell Telephone Company ("Southwestern"), pp. 40-41; Bell Atlantic, p. 13.

[15]Comments of US West, p. 38.

[16]Comments of AT&T, p. 32.

AT&T goes on to quantify this portion as follows:

> Appendix E demonstrates that because the LECs are twice as capital intensive as the average firm, the decline in the economy-wide cost of capital that is captured in the GNP-PI is only half as large as the actual capital cost reduction that the LECs have enjoyed.[17]

GSA agrees with AT&T's analysis and urges the Commission to adjust LEC PCI's for half the revenue requirement effect of every rate of return represcription.[18]

IV. THE SHARING AND LOW-END ADJUSTMENT MECHANISMS SHOULD BE REALIGNED WITH CAPITAL COSTS (BASELINE ISSUE 4).

In its Comments, GSA recommended that the sharing and low-end adjustment mechanisms be adjusted whenever a new rate of return is prescribed.[19] GSA noted that the sharing mechanism ensures that ratepayers benefit from unexpectedly high LEC productivity in a given year, while the lower adjustment mark gives some relief to stockholders in periods when productivity is below expectations.

GSA's position received wide support among the users of LEC services.[20] WilTel states:

> The FCC should keep in place the sharing mechanism for as long as the LECs possess

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[17] Id., p. 33.

[18] GSA supports the recommendation of many parties to substitute the General Domestic Product Price Index ("GDP-PI") for the GNP-PI in the price cap formula, since this index is readily available and more reflective of domestic inflationary pressures. The GDP-PI, like the GNP-PI, will reflect half of the effect of changing capital costs on LEC costs.

[19] Comments of GSA, pp. 7-8.

[20] See, e.g., Ad Hoc, p. 24; ICA, p. 14; PaOCA, pp. 9-10.

> market power in any of their services -- into the indefinite future. If sharing is abandoned, there will be no check on the overall reasonableness of LEC rate levels.... The price cap incentive system provides ample opportunity for price cap carriers to reap the benefits of their efficiency gains and to adopt cost-cutting measures without abandoning the sharing mechanism.[21]

The full effect of rate of return changes should be reflected in the sharing mechanism, since changes in the GNP-PI do not affect these benchmarks. Using its determination that 9.54 percent is the current cost of capital, MCI details the changes which should be made as follows:

> Accordingly, the Commission should require the LECs to recalibrate the point around which the sharing range is set to reflect the current cost of capital. Further, the low end adjustment level should be set at 8.54%, the 50% sharing level should be set at 10.54%, and the 100% sharing level should be set at 14.54%.[22]

The LECs uniformly and at great length argue for the complete elimination of sharing. USTA summarizes their arguments as follows:

> In sum, by eliminating sharing, the Commission would increase incentives for efficiency, innovation and network investment. Such action would also have positive implications for economic growth. The removal of sharing would eliminate a substantial amount of complexity associated with the Commission's regulatory programs, and would facilitate efforts to reflect changing competitive market conditions in the price cap plan.[23]

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[21]Comments of WilTel, pp. 25-26.

[22]Comments of MCI, p. 30.

[23]Comments of USTA, p. 50.

GSA finds no merit whatsoever in these arguments. As discussed above, the RHCs earned over a billion dollars more than their cost of capital in 1993. To argue that the sharing feature of the price cap plan has limited the incentive for LECs to invest and become more productive is absurd in this context. The "positive implications of economic growth" referred to by USTA are true only to the extent one examines the economic growth of LEC shareowners at the expense of LEC ratepayers.

The sharing mechanism does, of course, require the retention of a certain amount of regulatory complexity. The Commission must continue to examine LEC rates of return, depreciation rates and cost methodologies, for example. These traditional regulatory activities are not glamorous, require expert knowledge, and are highly contentious. GSA submits, however, that these tasks are the "nuts and bolts" of regulation and must not be eliminated until competition becomes a truly effective constraint on LEC prices.

V. THE PRODUCTIVITY FACTOR SHOULD BE INCREASED (BASELINE ISSUE 3).

In its Comments, GSA recommended that the productivity factor used to compute LEC price cap indices be increased to 4.1 percent.[24] GSA based this recommendation upon its estimate that a productivity factor of 4.9 percent would have resulted in the maintenance of the RHC composite rate of return at 11.25 percent over the price cap period.[25] GSA recommended that the productivity

[24] Comments of GSA, pp. 8-10.

[25] GSA's estimate was not adjusted to account for below-cap pricing by the RHCs.

factor be increased by half of the difference between this level and the existing level of 3.3 percent.

It is clear from the comments of other users of LEC services that GSA was conservative in its approach to the price cap productivity factor. For example:

- The Pennsylvania Office of Consumer Advocate recommended that the Commission increase the productivity factor to a level consistent with recent Administrative Law Judge recommendations in Pennsylvania (5.29 percent) and California (6.00 percent).[26]
- The International Communications Association recommended a minimum productivity factor of 5.5 percent.[27]
- ARINC recommended a productivity factor in the range of 5 to 6 percent.[28]
- The Ad Hoc Telecommunications Users Committee recommended a productivity factor of at least 5.8 percent based upon a study of LEC Total Factor Productivity ("TFP") and input price differentials in seven states from 1984 to 1991.[29]
- MCI recommended an increase in the productivity factor to 5.9 percent based on its correction of a flaw in the

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[26]Comments of PaOCA, pp. 4-7.

[27]Comments of ICA, pp. 11-13.

[28]Comments of ARINC, pp. 2-4.

[29]Comments of Ad Hoc, pp. 18-21.

Commission's calculation of LEC productivity from 1984 to 1990.[30]

AT&T submitted the results of a detailed "break-even" study it performed to determine the productivity factor which would have maintained RHC interstate earnings at 11.25 percent over the three year price cap period.[31] AT&T arrives at a productivity factor of 5.97 percent, somewhat higher than that derived by GSA. Since AT&T's methodology determines the productivity factor which would have maintained RHC earnings at 11.25 percent if they had priced all of their services at the allowed price cap, it depicts the productivity level actually achieved by the RHCs more accurately than GSA's calculation.[32]

The LECs rely on a TFP study commissioned by USTA to support their position that the productivity factor not be increased.[33] This study purports to demonstrate that the TFP growth of the price cap LECs from 1984 to 1992 was 2.6 percent, only 1.7 percent more than that of the national economy. USTA, et al., contend that this 1.7 percent differential would be appropriate for the Commission to use as the productivity factor.

Attachment 3 demonstrates that if the Commission had adopted a 1.7 percent productivity factor in 1990, RHC revenues would have

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[30]Comments of MCI, pp. 18-27.

[31]Comments of AT&T, Appendix B.

[32]In this connection, GSA notes that GTE would have had a 1993 rate of return even higher than that of the RHC composite had it priced all of its services at their caps.

[33]Comments of USTA, Attachment 6.

been $930,438,000 greater in 1993.[34] As a result, RHC revenues in excess of their cost of capital would have been $2,555,553,000.[35] In other words, ratepayers would have paid the RHCs over $2.5 billion more than the RHCs needed to earn their cost of capital.

The flaw in LEC logic which leads to such an absurd result lies in the use of the LEC TFP factor as the productivity factor. From the inception of its price cap plan, the Commission has intended the productivity factor to compensate for both the productivity of LECs (as measured by the TFP factor) and the productivity of LEC suppliers (as measured by the change in LEC input prices). In describing the purpose of the productivity offset, the Commission stated:

> As we have discussed in the various Notices in this proceeding, there is a substantial body of evidence indicating that the telecommunications industry has historically been more productive than the American economy as a whole. As a result, the productivity growth embedded in the GNP-PI data has not fully reflected changes in the costs of factors of production for LECs or the changes in their prices; the higher than average growth in LEC productivity has resulted in lower than average telephone prices, relative to inflation. To reflect this fact in the price cap plan, a productivity factor offset must therefore be included in the price cap formula, to ensure that rates continue to decline relative to our measure of inflation, GNP-PI.[36]

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[34]See Attachment 3, Line 3.

[35]Id., Line 5.

[36]Policy and Rules Concerning Rates for Dominant Carriers, CC Docket No. 87-313, Second Report and Order, FCC 90-314, released October 4, 1990, para. 75 (footnote deleted, emphasis added).

AT&T has empirically determined that the "break-even" productivity offset for the RHCs was 5.97 percent from 1991 to 1993. A portion of this offset is the result of higher LEC TFP growth than reflected in the GNP-PI and a portion is the result of lower RHC input prices than reflected in the GNP-PI.[37] If the Commission were to base its productivity offset on only the growth of LEC productivity, the LECs would retain the full benefits of the increase in productivity of their suppliers. Since the LECs are not entitled in any way to such a windfall, the Commission must reject USTA's proposal to use the LEC TFP change as the productivity offset.

In light of AT&T's comprehensive study of the achieved productivity factor from 1991 to 1993, and the comments of other parties, GSA now recommends that the Commission increase the productivity factor to 5.0 percent. GSA notes that this is the productivity factor recently found appropriate by the California Public Service Commission after extensive hearings on the subject.[38]

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[37]The USTA TFP study indicates that LEC input prices increased by less than 1 percent a year from 1984 to 1992, far below the rate of increase in the GNP-PI (Response of USTA to Ad Hoc's Motion to Compel, Table 1).

[38]In the Matter of the Application of Pacific Bell (U 1001 C), a corporation, for review of the regulatory framework adopted in Decision 89-10-031, Application 92-05-004 (Filed May 1, 1992), Decision 94-06-011, June 8, 1994, p. 42.

VI. THE COMMISSION SHOULD MEASURE THE GROWTH OF COMPETITION IN THE LOCAL EXCHANGE AND INTERSTATE ACCESS MARKETS (TRANSITION ISSUE I).

In its Comments, GSA recommended that the Commission establish a plan to monitor local exchange competition on a state by state basis.[39] GSA proposed that the Commission publish periodic reports on the existence of regulatory barriers to market entry, the existence of competitors, the extent to which competitors have the facilities to serve LEC customers, and the market share actually captured by LEC competitors.

USTA agreed with GSA that monitoring is appropriate, but stopped short of requiring market share information. USTA states:

> A measure of addressability is based on observable fact - the physical presence of alternative providers with the capacity and geographic coverage to serve a substantial portion of the market. In order to obtain these facts, all interstate access providers must report to the Commission the information required to make a determination as to whether customers in a particular access market have real alternatives to using the LEC's network.[40]

GSA believes that the Commission should measure not only the potential for competition, but also its realization. Time Warner addresses the criteria for measuring actual competition as follows:

> Time Warner cautions against reliance on criteria...that might be satisfied by vague, qualitative, or anecdotal showings of potential competition, the mere existence of competitors, or perceived willingness of

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[39]Comments of GSA, pp. 11-13.

[40]Comments of USTA, pp. 63-64 (footnotes deleted).

> customers to use competitors' services. Structural measures for determining effective competition, including measures of actual competition in geographical markets, market share, interconnection in LEC central offices, and barriers to entry...provide much more meaningful and robust criteria.[41]

WilTel also endorses the collection of specific statistics on local exchange competition. WilTel recommends the following:

> As a starting point, we recommend that the Commission's Industry Analysis Division begin collecting complete data on actual use being made of expanded interconnection and related statistics. This information should go beyond very generalized accounts of total revenues of CAPs. The Commission should track where competition actually is present and affecting the access market, and where it is not.[42]

The establishment of a formal monitoring program by the Commission will not only provide the basis for prudent revision of the LEC price cap plan, it will also provide a reliable information resource for all those engaged in the national debate over the future of telecommunications in America.

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[41]Comments of Time Warner, p. 13 (footnotes deleted).

[42]Comments of WilTel, p. 13.

VII. CONCLUSION

As the agency vested with the responsibility for acquiring telecommunications services for use of the Federal Executive Agencies, GSA urges the Commission to reaffirm that the primary goal of the price cap plan is just and reasonable rates for innovative, high quality services; to immediately commence a proceeding designed to result in a new rate of return to be effective January 1, 1995; to adjust LEC price cap indices and sharing and low-end adjustment mechanisms to reflect this new rate of return; to increase the productivity factor to 5.0 percent; and to establish a formal program to monitor local exchange and interstate access competition.

Respectfully submitted,

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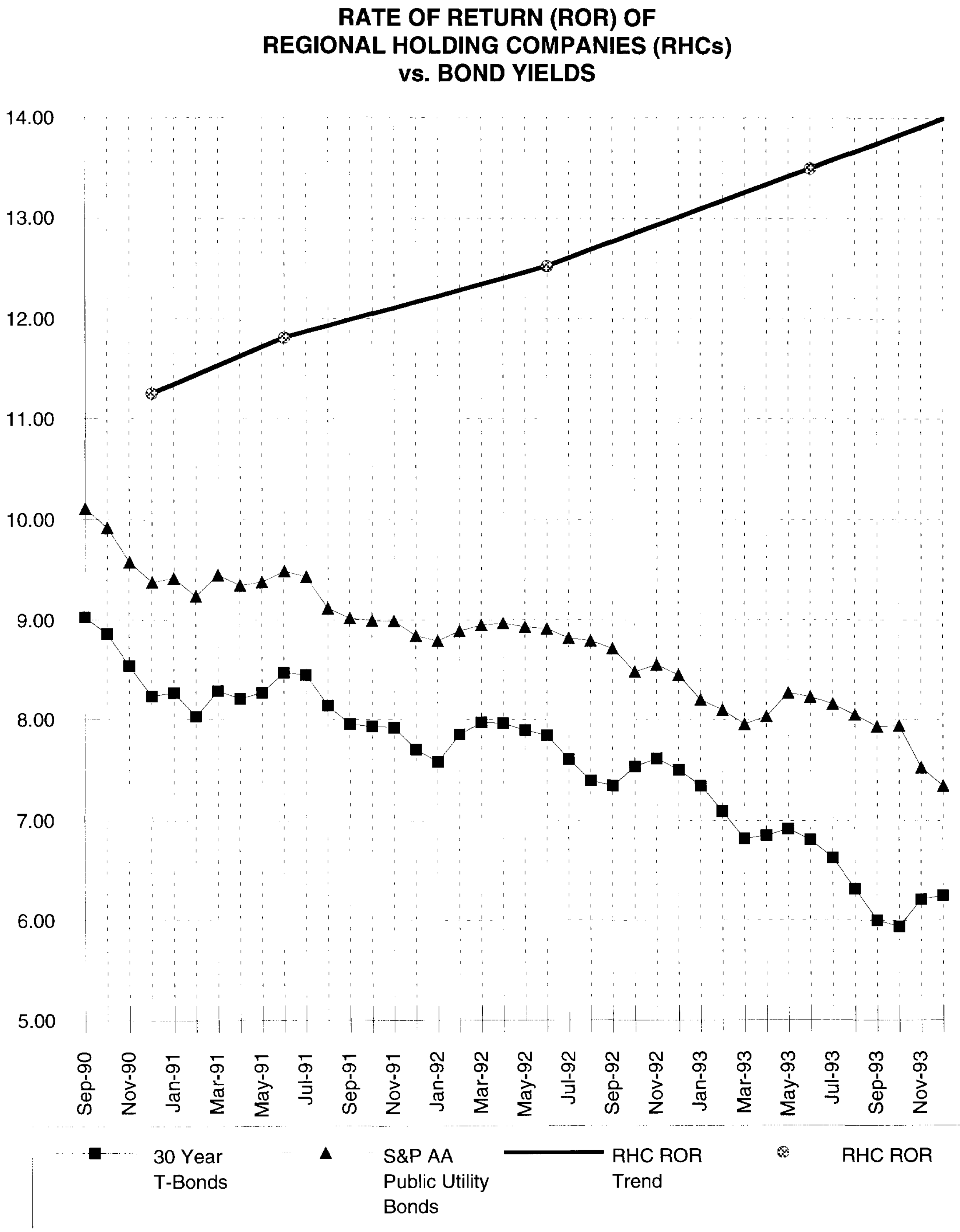
June 29, 1994

Attachment 1



Sources:
Federal Reserve Statistical Releases
Standard and Poor's Bond Yield Index
FCC Forms 492

Attachment 2

RHC 1993 Excess Revenues

($000)

1.	Estimated 1993 RHC ROR	13.50%
2.	Cost of Capital (AT&T Appendix D)	9.33%
3.	Excess Return (L1 - L2)	4.17%
4.	1993 RHC Rate Base (Attachment 3, 5/9/94 GSA Comments)	$24,710,901
5.	Excess Earnings (L3 x L4)	$ 1,030,445
6.	Tax Gross-Up Factor (1993 Southwestern Bell Telephone FCC Form 492)	.5771
7.	Excess Revenue (L5 + L5 x L6)	$ 1,625,115

Attachment 3

RHC 1993 Excess Revenues
Assuming 1.7 Percent X Factor

($000)

1.	Percent Increase in 1993 Revenues Assuming 1.7 Percent Compounded for 3 Years	5.6%
2.	1993 RHC Revenues (Attachment 3, 5/9/94 GSA Comments)	$16,614,964
3.	Increased Revenues (L1 x L2)	$ 930,438
4.	Actual Excess Revenues (Attachment 2, Line 7)	$ 1,625,115
5.	Total Excess Revenues (L3 + L4)	$ 2,555,553